

Message Text

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PAGE 01 MANILA 13527 300320Z
ACTION EA-12

INFO OCT-01 ISO-00 AID-05 IGA-02 L-03 IO-13 EB-08
AGRE-00 /044 W

-----107150 300323Z /72

P 300241Z AUG 77

FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 4362

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PASS USDA, BULLION, PPD, PL 480 PROGRAMS, OGSM

E.O. 11652: N/A

TAGS: EAID, EAGR, RP

SUBJECT: MAY 12, PL 480, CY 1977 AGREEMENT - TOBACCO

REF: (A) MANILA 12807, (B) STATE 198228, (C) MANILA 4562,
(D) MANILA 6922

1. FOLLOWING DATA FURNISHED IN RESPONSE TO QUERIES REF B:

A. RE PARA 1 - TABLE BELOW PROVIDES TERMS UNDER WHICH IMPORTERS
PURCHASE TOBACCO UNDER CCC AND TITLE I PROGRAMS.

TERMS	CCC	TITLE I
(1) DOWN PAYMENT BASED ON FAS OR FOB VALUE	-	10 PERCENT
(2) COST OF MONEY TO THE GOVERN- MENT TO BE PLACED BY DBP IN A SAVINGS ACCOUNT OF THE NATIONAL GOVERNMENT, BASED ON 90 PER CENT OF THE FAS/FOB VALUE	1.5 PERCENT	1.5 PERCENT
(3) DBP GUARANTEE FEE (BASED ON 90 PERCENT OF IMPORT VALUE)	3.0 PERCENT	3.0 PERCENT
(4) FOREIGN BANK CHARGES ON L/C	1.5 PERCENT	1.5 PERCENT

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PAGE 02 MANILA 13527 300320Z

6.0 PERCENT 16.1 PERCENT

IMPORTERS PREFER CCC TO PL 480 BECAUSE OF ADDITIONAL 10
PERCENT DOWN PAYMENT REQUIRED IN LATTER. EXTRA 10 PER
CENT PLACES A FINANCIAL HARDSHIP ON IMPORTERS AT THIS
TIME OF YEAR BECAUSE THEY ARE IN THE PROCESS OF PURCHASING
LOCAL TOBACCO.

B. RE PARA 2 - LAST SENTENCE PARA 3 REF A MEANS DELAY IN BUYING BALANCE OF TOBACCO ALLOCATED TO IMPORTER UNDER PL 480 AGREEMENT. NO INDICATION OF ANY DELAY IN SHIPMENTS OF TOBACCO ALREADY PURCHASED. PURPOSE OF REF A WAS TO REPORT THAT TOBACCO PURCHASES UNDER EXISTING AGREEMENT POSSIBLY COULD FALL SHORT OF \$13.2 MILLION.

C. RE PARA 3 - WE AGREE PROBLEM IS DISAPPOINTING BUT NOT PUZZLING. PROBLEM DOES NOT REFER TO GRACE PERIOD OR ISC- DETERMINED TERMS. SINCE THE AGREEMENT STIPULATES AN INITIAL PAYMENT OF 10 PERCENT, DBP HAS PASSED THIS ON TO IMPORTERS. HOWEVER, IT WAS UNDERSTOOD THAT DBP WAS COMMITTED TO TREAT THE PL 480 CREDIT IN EXACTLY THE SAME TERMS AS THE CCC LINES TO FACILITATE PROMPT MOVEMENT OF TOBACCO. INSTEAD, DBP HAS PLACED AN ADDITIONAL 10 PERCENT DOWN PAYMENT REQUIREMENT.

D. NEED FOR GRACE PERIOD EXPRESSED IN REF C AND IN TELEPHONE CONVERSATIONS WITH WASHINGTON OFFICIALS. RATHER THAN CONTINUE IMPASSE OVER SOFTENING OF TERMS, U.S. NEGOTIATING TEAM REQUESTED AUTHORITY TO SIGN AGREEMENT WITHOUT FURTHER CHANGE. LESS THAN 5 MONTHS REMAINING IN THE FISCAL YEAR ALSO A MAJOR CONSIDERATION.

E. RE PARA 5 - ALL OF THE POINTS STRESSED IN PARA 5 WERE PART OF EARLIER DISCUSSIONS WITH GOP OFFICIALS. WE WILL SCHEDULE LIMITED OFFICIAL USE

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PAGE 03 MANILA 13527 300320Z

INFORMAL MEETING OF NEGOTIATING TEAMS TO REMIND GOP OF THESE POINTS AND OF THEIR COMMITMENT TO MAKE NECESSARY FINANCIAL ARRANGEMENTS WITH IMPORTERS TO INSURE SHIPMENT OF \$13.2 MILLION TOBACCO SPECIFIED IN AGREEMENT.
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 30-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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ISecure: 1
Legacy Key: link1977/newtext/t1977089/aaaaagyy.tel
Line Count: 99
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:38:59 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:03 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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